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TO : Department of State 755.00/6-150

FROM : Brussels, No. 737, June 1, 1950

REF :

SUBJECT : Campaign Statement by Belgian Minister of Finance

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As part of the Belgian election campaign at present underway, the "Agefi" apparently sent questionnaires to at least two Belgian Ministers which were to be used as interview-articles in that newspaper.

On Wednesday, May 24, 1950, there appeared the answers to the questionnaire made by Mr. Liebaret, Liberal, Minister of Finance in the present Belgian Government. A translation of this article follows:

"The truly abnormal prolongation of the political crisis has preoccupied the minds of the saving public, as can be witnessed by the drop in the volume of business in the financial market.

"This is understandable, for it is indisputable that the inability of the Government to act for some months, if it has not compromised, has at least considerably retarded the work of economic and financial revival which began in August, 1949.

"This is not the place to enumerate the successful measures taken in various fields by the Government in which I participated, These acts are known.

"I intend today therefore less to point up the situation than to relate what there is to do, as quickly as possible, if we desire that Belgium retake the place which made it, up to a few months ago, the envy of all foreigners.

"First, it is necessary to reduce the expenses of the Government in all its branches, especially when it is a question of unproductive expenses.

"However,

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"However, nobody seriously considers going backward in regard to the standard of living of the Belgians.

"In addition, however, neither can anyone seriously affirm that the systems at present being used are good and, especially as regards unemployment insurance, there do not exist an excessive number of abuses which must be ended.

"In fact, more than 200,000 unemployed are receiving benefits despite the seasonal reduction in unemployment which has just taken place. Furthermore, since January the administration of the fund for the support of the unemployed has stated that the number of unemployed completely capable of work was only 88,000. These statistics were based on the physical characteristics of the unemployed.

"If account had been taken of the skills of the unemployed, the total would have been much lower. In addition, the fund for support of the unemployed has recently not hidden from the Government the view that as the social insurance legislation now stands, it cannot be expected that the number of completely and partially unemployed will fall markedly under 200,000.

"Therefore, this legislation must be amended as must the whole body of the social security system in order to assure to the beneficiaries equal benefits for a smaller total cost.

"To put it in a few words: Pitiless elimination of waste and of all expenses which are not indispensable.

"In addition, it is necessary to give private enterprise more and more liberty.

"This policy, scarcely begun in the coal industry, has already produced much better results than many had hoped. It is necessary to continue on the route which has allowed, on the one hand, a reduction in the subsidies made by the State and, on the other, very much better results for the businesses themselves.

"This improvement is such that one can reasonably expect a reduction in the price of coal. Let us hope that this is brought about on the initiative of producers. It is a question to which the next government must give its attention.

"Neither

"The happenings of the last few years have shown that those people who followed the most pessimistic view and hoarded gold, have not only lost revenue during this period but, in addition, have seen their capital shrink markedly.

"The way the Belgian franc has acted during a grave political crisis which has lasted for six months confirms the extreme technical solidity of our currency. The Belgian franc will remain a strong currency without any possible doubt if the next Government follows the principles which I have enumerated above.

"However, in order to bring this about, it is not necessary to return to a policy of deflation which under present conditions the Belgian economy would only withstand with difficulty.

"A liberal credit policy is in a certain measure necessary in order to allow our commerce and industry to compete abroad.

"At all events, the standing of a currency is only a reflection of the true economic situation of the country and it is not exclusively through an expert technique that the currency will be successfully defended.

"We have every chance of bringing about successfully a revival in Belgium which will be facilitated by the upward movement of world prices which are rising in the wake of raw material prices.

"The actual increase already represents for the Belgian Congo a notable margin of profit when compared with last year.

"The French proposal to associate its coal and iron industries with those of Germany must receive the attention of the next Government.

"It is a new fact of considerable importance to Belgium in which metallurgy and coal mining occupy a place of first importance.

"Any further collaboration in this domain must take account of the costs which weigh on our producers. Both salaries and social security charges, which are in Belgium much higher than those of similar industries in Germany and even in France, must be taken into account. This is a problem which must be considered with a great deal of prudence.

"To close

"To close I should like to affirm my confidence that after June 4 Belgium will again find its equilibrium under a government whose objective will be successful conclusion of the work commenced last August, the success of which cannot be contested by anyone of good will."

Donald B. Calder
Second Secretary of Embassy

Approved:

Patten D. Allen
Commercial Attaché